Washington, D.C. - Representative David Price issued the following statement today on the House of Representative's passage of H.R. 4173, the Wall Street Reform and Consumer Protection Act of 2009:

"This bill will address the root causes of last year's financial collapse and protect working Americans from unscrupulous lenders and the excesses of Wall Street. It puts in place common-sense regulation of our financial system that will allow capital markets to flourish without imperiling global economic stability," Rep. David Price said.

Summary: H.R. 4173, the Wall Street Reform and Consumer Protection Act of 2009

Consumer Protections

Creates the Consumer Financial Protection Agency (CFPA), a new, independent federal agency solely devoted to protecting Americans from unfair and abusive financial products and services.

Mortgage Reform and Anti-Predatory Lending

Would incorporate the tough mortgage reform and anti-predatory lending bill the House passed earlier this year. The legislation outlaws many of the egregious industry practices that marked the subprime lending boom, and it would ensure that mortgage lenders make loans that benefit the consumer. It would establish a simple standard for all home loans: institutions must ensure that borrowers can repay the loans they are sold.

Ending "Too Big to Fail"

Establishes an orderly process for dismantling large, failing financial institutions like AIG or Lehman Brothers in a way that ends bailouts, protects taxpayers, and prevents contagion to the rest of the financial system.

Investor Protections

Strengthens the SEC's powers so that it can better protect investors and regulate the nation's securities markets. The bill also responds to the failures to detect the Madoff and Stanford Financial frauds by ordering a study of the entire securities industry that will identify needed reforms and force the SEC and other entities to further improve investor protection.

Financial Stability Council

Creates an inter-agency oversight council that will identify and regulate financial firms that are so large, interconnected, or risky that their collapse would put the entire financial system at risk. These systemically risky firms will be subject to heightened oversight, standards, and regulation.

Regulation of Derivatives

Regulates, for the first time ever, the over-the-counter (OTC) derivatives marketplace. Under the bill, all standardized swap transactions between dealers and "major swap participants" would have to be cleared and traded on an exchange or electronic platform. The bill defines a major swap participant as anyone that maintains a substantial net position in swaps, exclusive of hedging for commercial risk, or whose positions create such significant exposure to others that it requires monitoring.

Hedge Fund, Private Equity and Private Pools of Capital Registration

Fills a regulatory hole that allows hedge funds and their advisors to escape any and all regulation. This bill requires almost all advisers to private pools of capital to register with the SEC, and they will be subject to systemic risk regulation by the Financial Stability regulator.

Executive Compensation

Gives shareholders a "say on pay" – an advisory vote on pay practices including executive compensation and golden parachutes. It also enables regulators to ban inappropriate or imprudently risky compensation practices, and it requires financial firms to disclose any compensation structures that include incentive-based elements.

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